

University of Vermont Medical Center

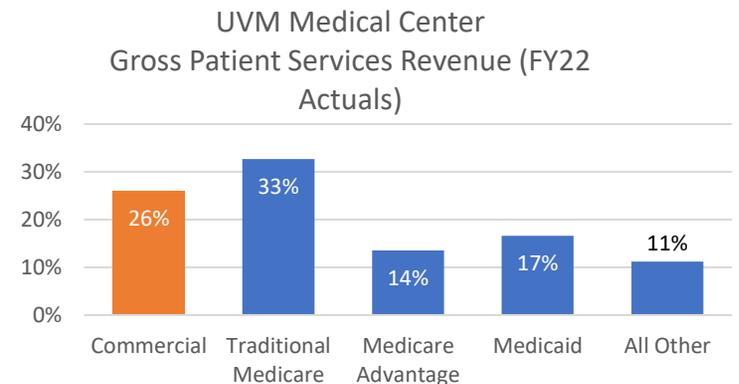
FY24 Hospital Budget Review – University of Vermont Medical Center

Summary for GMCB Deliberations

| Budgets                   |  |       |       |       |       |      |       |                       |
|---------------------------|--|-------|-------|-------|-------|------|-------|-----------------------|
| Year                      |  | FY18  | FY19  | FY20  | FY21  | FY22 | FY23  | FY22-24               |
| Net Patient Revenue (NPR) | Guidance                               | 3.0%  | 2.8%  | 3.5%  | 3.5%  | 3.5% | 8.6%  |                       |
|                           | Submitted                              | 3.5%  | 5.0%  | 6.1%  | 5.7%  | 6.0% | 10.5% | 23.8%                 |
|                           | Δ Approved                             | -0.1% | 0.0%  | -0.2% | -0.7% | 0.0% | 0.0%  |                       |
| Commercial NPR            | Submitted                              | 3.2%  | 2.5%  | 7.7%  | 8.2%  | 3.2% | 18.1% | 36.6%                 |
|                           | Δ Approved                             | -0.2% | 0.9%  | -0.4% | -1.2% | 0.0% | -3.3% |                       |
| Operating Expenses        | Submitted                              | 4.4%  | 5.9%  | 8.1%  | 8.7%  | 6.5% | 15.6% | 15.3%                 |
|                           | Δ Approved                             | -0.4% | 0.0%  | -0.2% | -0.6% | 0.0% | 0.0%  |                       |
| Change in Charge          | Submitted                              | 0.7%  | 4.0%  | 4.0%  | 8.0%  | 7.1% | 19.9% | 20.1%*<br>CER: 28.2%* |
|                           | Δ Approved                             | 0.0%  | -1.5% | -0.5% | -2.0% | 1.5% | -5.1% |                       |
|                           | Commercial weight of approved increase | 0.3%  | 1.0%  | 1.4%  | 2.4%  | 3.3% | 5.5%  | 10.5%*                |

\*As submitted; CER = Commercial Effective Rate

| Actuals            |         |      |      |       |       |       |       |
|--------------------|---------|------|------|-------|-------|-------|-------|
| Year               |         | FY18 | FY19 | FY20  | FY21  | FY22  | FY23  |
| NPR                | %       | 3.5% | 2.5% | -6.7% | 9.0%  | 14.5% | 15.0% |
|                    | \$ in M | 42.9 | 31.2 | -85.5 | 108.0 | 189.7 | 224.8 |
| Commercial NPR     | %       | 0.9% | 5.6% | -7.9% | 9.1%  | 11.1% | 17.9% |
|                    | \$ in M | 6.5  | 40.1 | -59.9 | 63.2  | 84.3  | 151.1 |
| Operating Expenses | %       | 5.8% | 6.6% | 4.1%  | 7.5%  | 17.6% | 7.5%  |
|                    | \$ in M | 72.1 | 87.6 | 57.2  | 110.1 | 276.1 | 137.8 |



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Expense Growth Factors

|                | UVMCC   |                  | Vermont Hospitals | Benchmark Data |           |       |
|----------------|---------|------------------|-------------------|----------------|-----------|-------|
|                | FY22-24 | VT Hospital Rank | Median            | Lo             | Benchmark | Hi    |
| Labor          | 3.9%    | 7                | 4.0%              | 0.8%           | 5.2%      | 9.7%  |
| Utilization    | 8.2%    | 10               | 7.0%              | -5.5%          | -0.4%     | 4.2%  |
| Pharm Ex       | 30.7%   | 7                | 7.6%              | 2.3%           | 12%       | 21.6% |
| Cost Inflation | 3.7%    | 5                | 3.7%              | 1.1%           | 5.8%      | 10.5% |

Financial Indicators

|                                 | UVMCC       |               |          |                | Vermont Hospitals |
|---------------------------------|-------------|---------------|----------|----------------|-------------------|
|                                 | FY22 Actual | FY23 Approved | FY23 YTD | FY24 Submitted | FY24 Median       |
| Op Margin                       | -1.2%       | 2.0%          | 3.2%     | 3.0%           | 1.2%              |
| Op-EBIDA Margin                 | 3%          | 6%            | 7%       | 7%             | 5.6%              |
| Total Margin                    | -10.6%      | 2.8%          | 5.9%     | 4.4%           | 3.8%              |
| DCOH                            | 112.5       | 128.9         | 96.7     | 90.9           | 109.64            |
| Debt Service Coverage Ratio     | 1.6         | 3.3           | 4.1      | 4.6            | 4.56              |
| LT Debt to Capitalization Ratio | 29.0%       | 25.3%         | 26.3%    | 33.3%          | 0.17              |
| Age of Plant                    | 11.8        | 13.0          | 12.5     | 13.3           | 16.02             |

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Ratio of Administrative & General Salaries to Clinical Salaries (Assoc of American Medical Colleges Hospitals)

| Hospital | VT Hospital Rank | Hospital Percent Rank <sup>1</sup> | Comparator 25 <sup>th</sup> Percentile | Comparator 75 <sup>th</sup> Percentile |
|----------|------------------|------------------------------------|--|--|
| 24.36%*  | 9                | 71 <sup>st</sup>                   | 9%                                     | 26%                                    |

\*Adjusted from 31.0% per [letter received Sept 5, 2023](#)

CMI-Adjusted Average Cost per Medicare Discharge (Assoc of American Medical Colleges Hospitals)

| Hospital | VT Hospital Rank | Hospital Percent Rank <sup>2</sup> | Comparator 25 <sup>th</sup> Percentile | Comparator 75 <sup>th</sup> Percentile |
|----------|------------------|------------------------------------|--|--|
| \$14,277 | 12               | 83 <sup>rd</sup>                   | \$9,742                                | \$13,013                               |

<sup>1</sup> Lower rank means more investment in clinical salaries (a lower ratio of administrative & general salaries to clinical salaries).

<sup>2</sup> Lower rank means lower costs per discharge (lower CMI-adjusted average cost per Medicare Discharge)

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| Inpatient – Relative Cost and Price (Major Teaching Hospitals) |                             |          |          |          |          |          |
|--|-----------------------------|----------|----------|----------|----------|----------|
| Year   |                             | FY18     | FY19     | FY20     | FY21     | FY22     |
| Commercial Cost per Discharge                                  | Hospital                    | \$20,549 | \$19,021 | \$17,797 | \$19,563 | \$17,555 |
|  | DH                          | \$23,153 | \$23,725 | \$23,002 | \$23,544 | \$23,047 |
| Commercial Cost Coverage                                       | Hospital                    | 113%     | 115%     | 115%     | 114%     | 147%     |
|  | DH                          | 115%     | 115%     | 120%     | 114%     | 136%     |
| Standardized Price   | Hospital                    | \$28,896 |          |          |          |          |
|  | 25 <sup>th</sup> percentile | \$23,063 |          |          |          |          |
|  | 75 <sup>th</sup> percentile | \$36,543 |          |          |          |          |

DH = Dartmouth-Hitchcock

| Outpatient – Relative Cost and Price (Major Teaching Hospitals) |                             |       |       |       |       |       |
|---|-----------------------------|-------|-------|-------|-------|-------|
| Year  |                             | FY18  | FY19  | FY20  | FY21  | FY22  |
| Commercial Cost per Discharge                                   | Hospital                    | \$468 | \$423 | \$439 | \$504 | \$537 |
|   | DH                          | \$559 | \$756 | \$666 | \$651 | \$708 |
| Commercial Cost Coverage  | Hospital                    | 289%  | 246%  | 234%  | 245%  | 255%  |
|   | DH                          | 225%  | 133%  | 174%  | 180%  | 187%  |
| Standardized Price  | Hospital                    | \$351 |       |       |       |       |
|   | 25 <sup>th</sup> percentile | \$214 |       |       |       |       |
|   | 75 <sup>th</sup> percentile | \$315 |       |       |       |       |